MR. DEPUTY CHAIRMAN in the Chair.

GOVERNMENT BILLS

The Finance Bill, 2007
and
The Appropriation (No. 2) Bill, 2007

MR. DEPUTY CHAIRMAN: Now we will take up the Finance Bill, 2007 and the Appropriation (No.2) Bill together for discussion, Shri P. Chidambaram.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, I beg to move:

"That the Bill to give effect to the financial proposal of the Central Government for the financial year 2007-08, as passed by Lok Sabha, be taken into consideration."

Sir, I also beg to move:

"That the Bill to authorise payment and appropriation of certain sums from and out the Consolidated Fund of India for the services of the financial year 2007-08, as passed by Lok Sabha, be taken into consideration."

The questions were proposed.

SHRI ARUN JAITLEY (Gujarat): Mr. Deputy Chairman, Sir, the Finance Minister has moved for consideration and discussion of this House the Finance Bill for the year 2007-08. I stand here to speak on this fully conscious of the limited authority and jurisdiction of this House on matters of finance of the Government. I also stand here with a mixed feeling and

my mixed feeling really arises out of the fact that I have great personal regard for the Finance Minister. I have seen him not only as a Member of Parliament and a Minister with very great articulation and persuasive powers, but also as a lawyer with a briliant and analytical mind, and I must say, with the high hopes that I have in him, that the finance management of the Government has left me with a deep sense of disappointment. The Finance Minister had two innings as Finance Minister. His first inning was in a rather or somewhat adverse circumstances. He was the Finance Minister of the United Front Government and that Government had even the participation of some Left Members as part of the Government itself. But despite various adversities—I distinctly remember that during the period 1996-1998, both through his budgeting exercises and also various steps he took in the economic direction, he knew that he was surrounded by a lot of people who were obstructing the reform process—he was conscious of the fact that the reform process had started in 1991 and yet, during that period, he did demonstrate that, despite political opposition from several quarters, the economy must move on and the reform process must move on and it did demonstrate that the reform process was the art of the possible itself.

But, in the last three years, we have seen, at least, four budgeting exercises by the Finance Minister and four Financial Statements in terms of Finance Bills by the Finance Minister himself. And I find that the Finance Minister now has been reduced to, at best, I can say, a former reformist. If he has that great desire to bring about reforms, he finds himself unable to do so, If I may put it in one sentence, whereas during his first tenure, he did demonstrate that even under adversity, reforms were the art of the possible, it is in the present tenure that I get a distinct impression that the absence of reforms by this Government is really the art of survival. They know that they have to survive in office. They know that the country needs a particular economic direction. They know that there are both obstructions within the UPA and from the supporting parties. Therefore, one of the facts, which is very glaring about the entire financial management, is the absence of bold decision-making as far as the Government is concerned. Sir, how do we judge this entire exercise that the hon. Finance Minister is now indulging in? As far as this Government is concnerned, whenever they are surrounded in controversy, they have a step of retraction. I think, going through his last three speeches while presenting his last three Budgets,

barring some marginal changes and alterations, even the sub-heads of the various proposals, he has in mind, broadly remain the same. I was wondering how the Finance Minister would like himself to judge this Budget. He has had a very distinguished career as a Minister. For a brief period when the NDA was in power, he was out of Government. And, when out of power, he had donned the mantle of an independent commentator on Political and Economic Affairs. Week after week, we were educated of his views. And, while we were in Government, we were also told where he went wrong. I remember, when the NDA was in power, if, as a part of the economic decision-making, say, a decision on the Cabinet Committee on Economic Affairs or an agenda on a Cabinet Committee for disinvestment, some decision was deferred or postponed by a week or two weeks, we did attract adverse comments as to whether we were in two minds about the direction in which we wanted to take this country. I was going through the compilation of articles which the hon. Finance Minister wrote during that period, and I do remember that when this publication was released, he was modest enough himself to say that for an active politician, to put his views in writing at a given point of time, and then to compile them, has one inherent danger in it because then the book is repeatedly quoted, on what you said earlier, against you, when you are expected to deliver. I remember, Sir, when two of our distinguished colleagues in this House and my party, Shri Jaswant Singh and Shri Yashwant Sinha, were presenting their Budgets, we had very valuable comments coming from the present Finance Minister. When Shri Jaswant Singh presented his Budget, I just want to remind his as to what he said. He said, "This is the best by which a Finance Minister is really going to be judged," And, if I quote from his writings which he wrote at that particular time, he said, "After observing the behaviour of political parties during the last few months, I have reached a sad conclusion that political support for economic reforms, real reforms, is shrinking. Every political party has taken a step backward on key issues. Reformers in every party seem to have taken a vow of silence". And, today, when I see the complete silence of the Prime Minister, who was a very distinguished Finance Minister during the period 1991 to 1996, can I say, without fear of contradiction, that he has taken a vow of silence and that vow of silence is really intended to facilitate the art of survival, as if that is what is going to cause economic planning as far as this country is concerned?

"The focal point", the present Finance Minister had written, Sir, "of reforms is the Ministry of Finance. The Finance Minister is — to borrow the language of football or hockey — the play-maker", and then, after calling the NDA Finance Minister, "You have the role of a play-maker", what was his advice to them? He was disappointed with them and said, "With every passing day, there is a new controversy. First, it was about disinvestment. Now, it is about direct and indirect taxes. A few days ago, the Minister of Labour made some incomprehensible remarks about reform of labour laws. The Food Minister is not able to quell the rebellion on sugarcane prices or spell out a policy". He was disappointed with us, Sir, for the thought, at that time we were going slow on disinvestment that we were not being able to adequately bring about direct and indirect tax reforms; there was a lack of movement as far as labour reforms were concerned. And then he said, "The NDA Government is like a football team that kicks and passes the ball aimlessly while waiting for a referee's whistle. No attempt is made to score a goal, the object being to prevent a self-goal" or, a goal against the NDA side. Sir, his charge really against us was, "You are moving but not fast enough". But, what do I say about a Government today which for the past three years has almost let the economy move on an auto-gear without any policy initiatives coming from the Government itself. I must say, Sir, that the Finance Minister is, indeed, a very lucky Minister. He is lucky because when he stepped into office, he inherited an eight per cent growth rate and when he inherited the eight per cent growth rate, this was the environment in the country where several domestic factors favoured the Indian economy, where you had an international climate which was favouring us, where India seemed to become a global flavour and a few bold steps by the Governmen really at this stage could have seriously given a push as far as the various reforms were concerned and accelerated our growth factors. However, what happened in the process was, and I hear it repeatedly from the speeches of even the hon. Prime Minister, that there is a kind of an exercise at self-deception, as though the increasing growth rates in the economy are in any way attributable to any steps taken by the UPA Government. Let us, Sir, be very clear. If we see the structure of growth in this country, our manufacturing sector is growing; it is growing now between nine and ten per cent. What are the steps that the UPA Government has taken to facilitate the growth? I can quite understand that from the period 1991 to 2004, successive Governments took a large number of steps which brought

the economy to that level. The services sector is growing. The agricultural sector where a lot of governmental investment is required, is still a cause for worry. And the growth substantially in those two sectors, let us be clear, is today entrepreneur-driven; it is not driven by any fresh policy initiative taken after 2004. And if the growth process is entrepreneur-driven or driven by the various factors of policy decisions which were taken in the past 14 years, and not in the last three years, at least, the present Council of Ministers cannot claim the satisfaction of having driven that growth rate. If they do that; then, I am afraid the Government would be living in an exercise of self-deception. Sir, one of the great difficulties why the Government is not able to accelerate the whole process is very clear. The present Government in terms of its policy was not a pre-poll alliance. Their programmes and directions were set up after the elections. And when they were set up after the elections, the conditions imposed by those who keep them in power were very clear, 'you can go so further and not far beyond that.' And, every time there is a proposal that there is a step required to be taken which would take the economy in a given direction, there are threats, threats of a bite which never takes place. And as a result of which the Government, probably, considers that inaction, perhaps, is the best route of survival itself.

Today, Sir, we have a situation that if any decision is even being discussed, I am not necessarily in favour of each of those decisions, you have the Government being halted by correspondents which is regularly written by somebody who is either a part indirectly of the Government itself or of the supporting parties itself. The difficulty is that all these letter-writers who are the fundamental obstructionists to any growth process come from within. If any reform process is to be initiated, a new policy is to be taken up, there is a political temptation and the political temptation is, let the Government dominate the policy domain by being in power, let it enjoy the flavour of being a ruling party and let us try and see if opposition to this policy, the opposition space can also be occupied by us. It is, therefore, not surprising that you will find either in the UPA Chairperson or in the General Secretary of the CPM regular letter-writers, whose principal object would be to obstruct decision-making processes that take place in the Government. And, I am sure, inspired by these, my friend Jairam is there, I read in the newspaper today that now instead of drafting letters for others, he is sending them in his own name because he has also joined

the ranks of those illustrious letter-writers, and from a one-time reformist that I thought Jairam was, he now has joined the distinguished ranks of the letter-writers who will keep cautioning the Government at every step that the Government is either contemplating or not really able to take.

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): I have to undo the damage that you did when you were the Commerce Minister.

SHRI ARUN JAITLEY: I will, Sir, necessarily deal with my friend, Jairam when he speaks in terms of the damage we did. Sir, let us be very clear about the direction and the state, as far as the economic decision making is concerned. The first, the UPA has to realise that the present growth rate in the economy is not because of the UPA. It is in spite of the UPA. There is no policy decision that they have taken which has carried this process further. Second, the process of economic decision-making in the Government stands completely paralysed. There is no significant decision which the Government is able to take. Three, the Government keeps speaking in terms of helping the farm sector in various ways. The problem of the farm sector was made a major political issue in the year 2003-04. But, post-2004, we have seen the problem of rural indebtedness and the kind of casualties that have been inflicted upon the farmers and the agricultural sector leading to an unprecedented number of killings and suicides, as far as the farmers are concerned. Four, as far as the management of the economy is concerned, we have a very distinguished economist in the Prime Minister and he is, probably, the first amongst the economists to become the Prime Minister of this country. But, when we look at inflation and the economic management of the country, it almost appears to be inversely proportionate to his experience as an economist. You had an unprecedented price rise as far as food items are concerned. In that unprecedented price rise of food items, you have a complete mismanagement which has taken place, as far as the supply side is concerned. To find a solution to this rather than tackle with the problem on the supply side, because there would be domestic shortages, instead of addressing that problem, and subsidising getting food from somewhere else because people cannot starve it there is shortage domestically, you have to look beyond your nose and realise where the shortages are.

This Government started a backward movement in terms of the credit squeeze policies and the hike in the interest rates which has taken place. People already inflicted with an unprecedented price rise burden, a huge number of population — India's urban population is on the increase which aspire to have a roof on its head — suddenly find that the floating interest rates have now completely upset its budget. Its desire of an acquisition even in future seems to disappear.

As far as infrastructure is concerned, Sir, you carried out whatever programmes existed in the past, from the rural roads to the national highways. But, there seems to be a significant slow down rather than acceleration, an economy which for four years grows at 8 to 9 per cent, we would certainly require a lot more investment into infrastructure and physically you should be able to see the development of that infrastructure. Barring a significant reform which seem to have taken place as far as the aviation sector is concerned, in other areas of infrastructure, you find that the priority of the Government almost does not exist.

At times when you see statement coming from Ministries, my friend Jairam Ramesh found it very convenient to say that his letter was undoing the damage which I had done as a Commerce Minister; I would only urge him not to use my shoulders to fire at his own Commerce Minister. We being out of office for the last three years, and your distinguished Commerce Minister could have rectified those damages three years ago. But this entire process in the Government; it is not only in this case; yesterday, when Mr. Yashwant Sinha put a query as to in what capacity was the Minister of Sports answering a question. The Prime Minister says that we must host the Olympics. But, when it comes to the Asian Games, the Sports Minister says, it is a waste of money! The Prime Minister appointed a Minister for Sports, he turned out to be a spoilsport!

You have a situation today where on various policies the Commerce Ministry and the Finance Ministry seem to be at war. You have decision making where the UPA Chairperson and the Government seem to be at war. You have a series of policies where you find the Left parties supporting the Government on almost every decision seem to be at variance with them. Sir, collective responsibility of the Cabinet is the age-old dicta we have heard. This appears to be a Cabinet of Collective Irresponsibility where every Minister starts moving in a different direction and starts

making announcements at various directions as though there is some kind of a civil war going on in the Cabinet itself!

The only issue, Sir, of consensus which I see — when I hear leaders from the Left parties, the UPA, the Congress and even members of the Government, on which there seems to be a consensus, and I can assure you, we are almost a part of that consensus — is where we all jointly accuse the Government and its failure on the issue of inflation as one of the principal reasons why the Congress party is losing elections in State after State. Your own party, the Finance Minister must understand, your supporting parties within the Government, your parties outside the Government, we in the Opposition also wonder as to what is the reason the Maharashtra cities, Punjab, Uttaranchal, Delhi, every election which is being tested one after the other; the outcry against this Government is on account of the failure of the Government to maintain prices on food items. There seems to be a consensus; in fact, I am sure, in the next couple of weeks, when the results of Uttar Pradesh and Goa also come out, Sir, we probably will have a similar kind of an analysis emerging. This seems, Sir, now, the virtual approach which the entire political system has been taking. Sir, I must tell the Finance Minister that the Finance Bill really reflects the policy of the Government, if one exists, which he has enunciated in the Budget document and in the Budget Speech itself. I have, Sir, various disappointments on account of this entire approach which the hon. Finance Minister has followed. My first disappointment, Sir, if I look at the big picture is, this was the time for a bold economic decision-making. This was the time for a bold Budget. This was the time where our economy is becoming increasingly competitive and if we are wanting to make our economy increasingly competitive, let us remember that globally we have one great advantage which along with our neighbours, China,countries like India also have, that in this era of globalisation the world is going to buy products, it is going to hire services which the world gets at a cheaper cost and of good quality. The concept of global trade in the last decade or so has significantly changed and because of this significant change and people across the world looking for cheaper services, better quality services, cheaper goods, the scales of the economy globally are going to favour the low cost economies. Now, in case you are looking around for low cost economy with mass production, with mass service sectors, and that is what really will exhilarate the whole growth

process, you require certain bold decision makings. What do we see in the process? I can quite appreciate and agree with the Finance Minister's proposals where he requires a lot of money for social sector expenditure. In a country where a large part of the population deserves the right of national resources, I do not think there can be a disagreement with the Finance Minister at least on that. Even to get more money in the pocket of the Government itself you need to create an environment where business profitability in various sectors increase, where enriched Governments increase economic activities, larger revenues from larger economic activities and eventually you have larger job creation and this increased revenue in the pockets of the Govenment,enriched Governments does not impose extra burden on tax payers but by volumes of the economic activity itself is able to sustain that activity and even the expenditure both on agriculture and various social sectors where it is required. You then need bold decisions to unlock resources which are lying in various sectors of the economy locked. When the Finance Minister was writing these articles and some of these views, I must say, are views that at least I agree with, in some of them, he in fact, egged the NDA that why don't you expedite your decision making process. Today, with this Government, privatisation and disinvestments are a bad word. The playmaker in the football field cannot do anything about it but what the Finance Minister said when he wrote these articles in September 2002, he said,"The initiation of the process of disinvestments to a strategic investor has lifted the share prices of the PSUs concerned.When this news broke out the Ministers started stalling tactics and price as well. One can see the contours of emerging consensus of privatisation amongst the political parties, barring the Communist Parties". So, at that time you felt only the Communist Party was out of the political consensus.The others were all coming in. And today, can I only accuse the Left of breaking down this consensus? The Left's decision is very well known. I cannot accuse them because it is an ideology which is very dear to them, they are entitled to it. But those who are accusing us of expediting the process, today what do we face with. We face with a situation where a large part of our revenue collections and various capital receipts of this Government have indicated in this whole planning are going in the direction of debt servicing. You don't have them available for the purposes of social sector expenditure. You don't have them for the purposes of creating better infrastructural environment in the country and if you are to unlock and if you have to take bolder decisions in order to make our own industry

competitive, then at times you have to choose whether to merely claim at the end of the day that I was in power for such a long period, whether that is the more important priority or what steps did I take when I was in power. Are you merely going to leave behind the 'duration' in power,or, are you going to leave behind footprints when you were in power? And, I am afraid, with this kind of approach, the hon. Finance Minister would realize that this is really not being done.

Secondly, the entire approach of the last three years, on various Finance Bills, is completely contrary to what the approach was, let me say, from 1991 to 2004. It is contrary to the approach between 1996 and 1998. It is for the first time, post-2004, when tax rates were being rationalized with increased economic activity, you now have a situation in the last three years, where I feel uncomfortable in saying this but I cannot hide the reality, that in the first *Avtar* the Finance Minister rationalized the tax structure. In his second innings, he is a high-tax Finance Minister. Even I say this that you are a high-tax Finance Minister in this tenure, look at the new Heads that you are creating one-after-the-other. You now have the basic rates of taxation. For the coporate, you have depreciation calculation procedure altered by which their liabilities went up. For individuals and everybody else, you have the surcharge for some time now. You have the Educational Tax. You have the F.B.T. You have the Service Tax which is expanding from one activity to another year-after-year. And, I can quite appreciate that why should services not be taxed? Therefore, expand the base. This was the original rationale. But, if Service Tax is to be imposed, then the approach has to be how do I give relief elsewhere as far as manufacturing is concerned. Is there somebody else in the economy, with this increased base of taxation, new points of taxation, new methodologies of taxation which are emerging? Is relief coming anywhere else? Last time we found in the Budget form cleaning services to cooperative societies and this time from rentals of commercial properties beyond a certain point, taxations have been expanded. And, this expansion in this entire taxation is really burdening. The hon. Finance Minister would appreciate when he deals with the issue of how to tackle inflation at various ways, is this increased taxation by Government, in various fields, also contributing to this entire process?

Thirdly, Sir, your entire approach as far as the manufacturing sector is cocnerned, it requires to be altered. I am conscious of the limitations of

coalition politics. Therefore, in a Government, with coalition politics, a large number of steps to be taken by the Government may not be possible. But, then, we have a situation where this time I read in the Economy Survey that the contribution of agriculture to the GDP has now come down even below 20 per cent. If 60 per cent of population has 20 per cent of the GDP, it shows the kind of overcrowding, underemployment, unemployment in the agriculture sector. World-over, when this phenomenon has taken place, people have emerged out of agriculture sector and with the expansion of industry got involved in the industrial jobs. Therefore, there is a rapid need to expand the manufacturing sector. In fact, in China, the manufacturing curve went up by 12 per cent and 14 per cent which not only accelerated their growoth rates rapidly but which also brought in a large number of jobs where people from agriculture went into manufacturing. Therefore, this plight of agriculture sector, which seems to be overcrowded, was substantially altered. Now, in the manufacturing sector, you cannot have a situation where 80 per cent of your taxation comes from this sector. If you have a huge base now of Service Tax which is increasing year-after-year and other forms of taxation, are you going to think in terms of incentivising this manufacturing sector in some way? It needs to be competitive in terms of its taxation structure. It needs to be competitive in terms of cost of the capital that it has to pay. It needs to have trade facilitation in terms of infrastructure, in terms of ports, highways and in terms of various other facilities. I am consciously not referring, knowing the limitations of a coalition Government, to other kinds of reforms which should be required in a sector of this kind.

Sir, where is the big idea as far as this Budget is concerned? As I said, in the absence of any big idea behind this Budget and the Finance Bill which comes out of this Budget, what really happens is this. I have compared all the last three Budget speeches of the hon. Finance Minister. Each one of them head-after-head, all you have to do is to alter amounts that you are giving for scheme "A" or scheme "B" or for sector "A" or sector "B". Now, this is an exercise which can even be done by the Revenue Secretary or the Expenditure Secretary. This is for the Finance Minister whom we have seen the Finance Minisers in the past had ideas. I can see a lot of ideas in this particular publication that he has been brought about. For that kind of a Finance Minister,an individual with that talent, we certainly require to have some larger bigger idea than having

the same routine exercise that is going on. For example, in a country where 70 per cent of people are deprived of sanitation, you have Rs. 240 crores budget for sanitation. Health will get marginally more. What happens to the much celebrated NREG Scheme? The outlay is increased by Rs. 700 crores. But, instead of 200 districts will now be spread to 330 districts. It means, the-per-district-expenditure of each district will decline. And, that decline is from Rs. 56.5 crores per district, it has come down to Rs. 37 crores. This is what clearly appears from the speech and the documents accompanying the speech. If the hon. Minister disagree with me, he can clarify as far as this position is concerned ....(*Interruptions*)....

SHRI JAIRAM RAMESH: You should understand how the NREG Scheme functions?

SHRI ARUN JAITLEY: Sir, Mr. Jairam Ramesh will write a letter and explain the error in which I have fallen.

Sir, the management of food economy by this Government needs much to be studied. Now, it is almost admitted in statements emerging out of the Government and those statements emerge particularly when the blame-game starts as to who is responsible for it. I said, we are not looking at one individual or the other. *Inter se*, as I said the Cabinet of collective irresponsibility, you may put the blame from one to the other. But, the fact is, you have completely bungled as far as the supply side is concerned and, as a result of the bungling on the supply side, you have had for the last almost one year a skyrocketing inflation as far as fodgrains are concerned.

Sir, I have already referred to the steep hike as far as housing interest rates are concerned. Now, this is one sector—real estate—of the economy which had been growing very rapidly. The kind of urban expansion in India which is taking place it is now anticipated that over the next 25-odd years a very large part of India, as the economy itself grows, may become an urban-centric itself. Now, in a situation of this kind, where everyman desires to have a roof over his head, the NDA had created a situation where rentals were costlier and interest rates were cheaper. It was costlier to take a house on rent. But, it was cheap to take loan and pay interest on it. Interest rates have come down to 6.5 per cent in some cases. Now,the going back of those interests almost doubling to that figure is not only going to affect a very vast middle class and the lower-middle class which

desires a small roof over its head, it is going to slowdown the entire growth process as far as this sector is concerned. It is going to have a spiral effect as far as several sectors of the economy, like cement, steel and even employment generation through housing sector are concerned. This brings me to the three important issues which the Govenment is really faced with. And, at times, it appears that the Government is unable to decide, or, there seems to be some kind of differences within the Government itself.So, the country is really in the dark as to what to do as far as these three issues are concerned. The first is the issue of the Special Economic Zones. I had said, while commenting on the hon. Finance Minister's performance in his earlier tenure from 1996 to 1998, that he plus others who have been Finance Ministers in coalition Governments had demonstrated that carrying this process forward is an art of the possible. Now, the Special Economic Zones were conceived of and were, probably, required essentially because their products had to be in terms of quality superior and cheaper and, therefore, these products were required to be sold in the international market. When you sell products in the international market, you are not in competition with your own domestic competitors, but you are competing with the competitors from everywhere in the world. And those who can sell cheaper and a better quality will, then score a march over you. The entire idea behind this was that you create these manufacturing zones and, in these manufacturing zones, you exempt them from certain forms of taxation. And, the idea behind exempting them from certain forms of taxation was that you could export you products but nobody in the world is prepared to buy your products. So, if your taxes are high people will say 'no' to your products. Therefore, your products must be cheaper. Now, the manner in which it has been implemented is such that we have the example of West Bengal in front of us, which created a big crisis and put the whole issue in controversy; we have no controversies in several other parts of this country. We, in the BJP, have also examined this at length. And, we have an inner party document that we have prepared, where we have made certain valuable suggestions with regard to the kind of land that you must really acquire for this purpose. But if in a rare situation if somebody's land is acquired how to share a part of developed land with them. But, that apart, I would urge the Finance Minister — I do not know whether my urging him would be sufficient because it is an issue which also concerns the

Government collectively the Commerce Minister is not here — to seriously consider that we are the largest peninsula in the world. We have a lot of non-fertile land all along the coastal zone. And, some States, like Gujarat, which have used the non-fertile land in the coastal areas for SEZ creation, have created these manufacturing zones and have not had any problems with the farmers in relation to acquisition. In a country, which have such a large coastal zone, to allow the idea to move further so that you can have the idea moving further without a confronting situation taking place in the society so that a reform goes on, and I said, from his past experience, even his other colleagues, who have been Finance Ministers, would realise that this is really the art of possible itself, we are all confused about what this Government's policy about the FDI retail is. We were told that the Government was, at some stage, was not in favour of it. But, in the last three years step by step, the Government has been consciously moving in that direction. Since the Govenment has been moving in that direction, the 'cash and carry' business seems to have been legitimised. The 'cash and carry' business being marketed as a wholesale business, seems to have been legitimised. The past experience has shown that the Govenment itself was in possession of evidence that 'cash and carry' business was not merely a wholesale business, but also indulging in retail sales. Now, that business has been legitimised. You now have the single brands that have only been permitted. You have other kinds of arrangements that are going to come in. I would urge the Government that under no circumstances can we have a situation where the world starts making mockery out of the Government policy. If you are not allowing it, then, be very clear about it. And, there is good reason for presently not allowing it because there is a large sector at domestic retails, small retails, which is a huge employer, which has a legitimate fear — we agree with that fear — that it would be adversely affected. But if you are honestly in favour of not allowing it, then, these exercises must be stopped; otherwise, what appears is that slowly but surely you are telling the country that there is no FDI in retail, but you are slowly moving in that direction itself. Lastly, Sir, on one question, Shri Jairam Ramesh mentioned that he had written to correct the aberrations into which the past has fallen into, as to what to do about all these FTAs. Sir, we have a process today where the multilateral trade dialogue globally has come to a standstill, and there does not seem to be a visible sign that multilateral trade dialogue itself will significantly move forward. Alongwith multilateralism, at some stage, the

world also considered that bilateralism, plurilateralism would simultaneously move with that process. So, you had a large number of regional trade tie-ups and tie-ups with similar kind of countries. There is nothing wrong with the idea of FTA or an RTA. But, while entering into the idea and while setting the terms, I think, what we have to be very careful about is, what is the production pattern of the country with who we are having this agreement. If the production pattern of this country is such that it creates huge adversities as far as we are concerned, then, we have to really be on the side of caution and not enter into those areas. If we enter into those areas with those countries which barely maufacture anything, but which are only going to trade those items from other parts of the world, and at cheaper prices send those items under an FTA or an RTA into India, then, we run into serious trouble. We have a protection in terms of rules of origin, etc., but if seen in the context of the Sri Lanka FTA that even when some items from Indonesia and Vietnam were brought in and Sri Lanka was being used as a route to bring them into India, and thereby adversely affecting a part of our production and our trade of certain items, we were unable to deal with it. Because of diplomatic reasons, we thought it would be imprudent really to start enforcing the rules of trade with an important neighbour, as far as we were concerned.

[THE VICE-CHAIRMAN (SHRI UDAY PRATAP SINGH) in the Chair] Therefore, Sir, as far as these Free Trade Agreements are concerned, before we ink the final settlement on these, we must carefully study the production pattern of those countries and be sure that the Agreement at the end would not turn out to be a one-sided Agreement, which will open the flood gates, as far as India is concerned. There is a lot more which I would have said. The Finance Minister has a great experience in management of the economy in various Departments of the Government including finance. The national expectation from you is much higher than what we are getting. What we are getting is a routine exercise and not an exercise where any reform or relief is coming to the country on account of the announcements that you have made in the Budget. As far as this Finance Bill is concerned, I would seriously urge him to reconsider that slowly in the last three years he has moved in the direction of a high tax Finance Minister, and this is one great error which he needs to correct immediately. Thank you.

SHRI SHANTARAM LAXMAN NAIK (Goa): Sir, I stand here to support the Finance Bill, 2007. The Finance Bill is a reflection of the Finance Minister's Speech in a statutory form. It is a Bill which give effect to the idea expressed, promises made by the Finance Minister before the House in a statutory form. In the other House; during his reply to the Bill, the hon. Finance Minister had assured and made a concession, which, especially, had reference to the State of Goa, to iron ore export duty. A very heavy duty, which he had levied under the Bill, has been reduced to a very substantial extent, giving much relief to the entire State. Had it not been done, there would have been tremendous unemployment in the State of Goa for those who depend upon iron ore industry. There would also have been environmental problems. We had met the hon. Finance Minister in a delegation. He considered our views; therefore, once, again, I would like to thank him on behalf of my Party and on behalf of my State also. Firstly, Sir, for the success of any statute or any law, much more for the success of a Bill like the Finance Bill, there has to be a responsible bureaucracy. This is not a new issue, but it has to be repeated time and again because time is running out for us as we are stated to be going to a new era where we are going to be a dominant world power. Therefore, the bureaucracy now has to be more responsible. Though we enact legislation, the Executive also works on it. But ultimately a fine-tuning by the bureaucracy in the implementation of a legislation that we pass is what is most essential. But, unfortunately, in many cases, we do not find that fine-tuning. I am using the world 'unfortunately' because the response of the bureaucracy in implementation of legislation, sometimes, is not what is required. Sir, you must have seen various episodes of 'Yes Minister'. There is a similar one now in Hindi. If you see three-four episodes of 'Yes Minister', you would know how our bureaucracy or the bureaucracy world-over functions. Therefore, if there is to be an improvement in that, then our Ministers have to be very, very cautious. They say, 'Yes Minister', and they get things done from you which, sometimes, work against the aspirations of any legislation. So, we have to be very careful, especially, the Minister. When high profile bureaucrats put a file before a Minister, even a high-profile Minister, if he is not conscious, if he himself has not studied the file, can be led astray and the results would be disastrous. Most humbly, I would like to submit my personal experience, which, I am sure, will also be the experience of most of the hon. Members. If you see the replies which are given to us, you will find that in most of the cases, the replies are clubbed.

Suppose, a quesiton has four parts, namely, (a), (b), (c), (d), the replies of all the four parts would be clubbed together and one concise reply would be given and, ultimately, you will not know what the reply is. Therefore, Sir, from this platform, I would like to appeal to you, to the Chairman also, that some instruction may be given that no clubbing should be allowed in this respect, even if there is overlapping. If a Member is to be given a proper reply of a particular question, then the reply should be as per the format of the quesiton. That means, if the question has four parts, *i.e.,* (a), (b), (c), (d), then without clubbing the answer, the reply should also be in the form of (a), (b) (c), (d), so that we know what the answer of the Ministry is. This is only a typical example of what I have said earlier.

Secondly, Sir, for the successful results of any legislation, as I have said earlier, then people's grievances are required to be heard at all levels. About twenty years back, this exercise was started during Rajivji's time, and the Central Government offices established grievances cell for this purpose. The State Governments were also requested to establish grievances cell in their respective departments. I would venture to say, Sir, that if grievances of the people are to be met in a genuine manner, in a business-like manner, then we should have a legislation on public grievances, a legislation which will regulate how, where and when the grievances of the people are to be heard.

Thirdly, Sir, there is one more aspect which we have been taking up with the Finance Minister for many years now. The concessions given to certain industrial units in certain States are causing damage and hardship to certain industrial units of other States. I am not naming any State. But in some States, industrial units are given concessions in tax forms, and therefore, the industries from other States go and flock that State as a result of which economy of those States where we don't have these concessions suffers tremendously. Sir, we thought that by 2007, all these concessions will go and there will be uniformity and no State will give concession to its certain industrial units industries in taxation, etc. But it is still continuing. But, it is still continuing. I would talk about my State. The industrial units in my State suffered; they have been shifting to the other State where these concessions are available. The hon. Minister needs to give us some assurance at some stage.

Now, coming to SEZ, as far as SEZs are concerned, the policy is being reviewed, amendments are being proposed and suggestions are

being made as to what type of land should be there, whether it should be in lease form or there should be outright sale, and so on. All these things would eventually get crystallised. But, I am only on one point, Sir. Whenever these SEZs are established, the basic aim of our Government is that these SEZs should provide employment to the people. Now, when people claim that their units would generate so much employment, their assurances must come in writing. If an entrepreneur approaches the Government saying that his unit would be exporting so much of goods and generate so much employment, that assurance must be given in writing and the assurance must be given in the form of an agreement wherein it would be stated that this many number of employees of a particular State where the unit is established will be employed. This condition needs to be imposed from the Central Government side, because once the unit comes into the State, nothing would remain in the hands of the State. Therefore , in the policy and in the concerned legislation govering the SEZ, this aspect needs to be stressed upon the things should be taken in writing.

Then, Sir, I would like to touch upon another subject. Now foreigners from Russia, Israel and other places come and purchase vast tracts of land, especially in my State. Sir, there are some RBI regulations governing these aspects. A reasonable number of days of stay and some other minor conditions are sufficient for people from outside the country to come and purchase the land. Therefore, land mafia from Russia and Israel are purchasing vast tracts of land in Goa. Now, Sir. these RBI regulations have to be provided in some stricter form. Firstly, if whatever regulations are there with respect to purchasing of land by a foreigner are to be made effective, the Registrar of land who registers the deeds etc. must have some power to check whether the RBI regulations have been followed or not. Today, the Sub-Registrars, under the Transfer of Property Act, those who register the deed, say that they have the power to scrutinise whether the regulations have been observed or not; anybody who pays the requisite stamp duty would just go and register. Despite the fact that regulations are there, the authority does not have any power to scrutinise whether he has followed the law of the land. Therefore, some amendment has to be made in the relevant legislation to make it compulsory for the Sub-Registrar to scrutinize these aspects.

Then, Sir, the Finance Bill imposes Education Cess for the laudable purpose of providing, Secondary and Higher Secondary education. But Sir, the Finance Ministry has also to monitor how and where this money is

3.00 P.M.

spent. Higher Education is a very broad subject. I have seen in many States, including my State, Secondary and Higher Secondary Teachers, who are given training, are being given training only in some teaching modalities. They are not even aware or being made aware of the fact that there exists a National Education Policy. No Teacher anywhere in the country knows that, or about the feature of that policy on what they are supposed to do. No effort is being made to inculcate the principles of secularism in the minds of Teachers. If the principles of secularism are not inculcated in the minds of Teachers, you could imagine the fate of the students. Therefore, the forces that are anti-secular are able to pull Teachers towards achieving their objectives. If Constitutional objectives have to be achieved, if the objectives of the State have to be achieved, then this aspect of training needs to be looked into. Then I would come to Employment Guarantee Act. Sir, in a place like Goa, in my State, this Act does not work because it has operations in other State; it is not applied also. But the question is that we also require some sort of relief under the Act. We do not require manual jobs because there the rate of manual daily wages is very high. This sometimes exceeds Rs. 150 per day. But there are young boys and girls in Goa who are longing for a job of Rs. 3000 per month — it is a white collar job. Nevertheless, persons who cannot go to fields or do manual jobs and like to feed their families, they also require jobs. Therefore, this Employment Guarantee Act has to be amended to cover such people who require non-manual work and they are also equally poor. Therefore, in a smaller State like Goa and in other places, this Act should be made applicable with necessary amendment. Now, Sir, the Government of India is coming with a very ideal and revolutionary policy of rehabilitation. Now, this policy and a subsequent legislation, if it comes into force, will really revolutionise the things. When the land is acquired today, we pay only compensation and forget. But under the new policy whenever the land will be acquired for the public projects, it will be seen that the family is settled; it will be seen that somebody in the family is employed in the industrial unit or in the project, whichever will come in that land. So, all humane aspects are dealt with under the new policy. I think a Committee has been constituted to further go into the details. I would like to appeal to the Government of India to finalise this new policy and amend the Land Acquisition Act accordingly and make it an ideal policy followed by statute. Now I have one or two points more. Sir, we have several

Excise Act and Wealth Tax Act. In all these Acts, the Supreme Court of India and various High Courts have given different rulings. They are laying down certain principles. If those principles are accepted to the Government of India as valid interpretations, let those principles be incorporated in the respective legislations. If we do not agree, then amend the respective Acts and disagree with those rulings. Now, Sir, the basic law remains at one place and there are various ample rulings of the Supreme Court and High Courts which are a part of a different set of law. Therefore, I would like to appeal to the Government to simplify the matter, to simplify the implementation of various tax laws. These principles which have been pronounced by the Court either we accept them or reject them and include them in the form of law. Lastly, Sir, Jaitleyji has referred to Goa in some connection. Maybe he wants to say that everything will be followed; Goa results will be coming and all these things. But I have never seen BJP as a political party believing in any Economics. They do not believe in Economics. They have got a different line of action as far as winning of election is concerned. Six months prior to any election, they create some problems of a religious type and on that basis they win. They do not believe in construction of roads, dams, schools, etc. Since elections are coming in Goa, they have started it. In many places, idols have been ...(*Interruptions*)... आप इकॉनमी पर डिपेंड करते हैं तो आप idols के पास क्यों जाते हैं, वहां मंदिरों और मस्जिदों में कुछ गड़बड़ करने क्यों जाते हैं?

श्री रामदास अग्रवाल: कोई खुले में जाता है, कोई अंदर-अंदर जाता है, मंदिर सब जाते हैं।

[THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA) in the Chair.]

SHRI SHANTARAM LAXMAN NAIK: Therefore, please believe in economics. Try to contribute to the nations development through special thoughts on the Economics, not go on those religious aspects. Thank you.

SHRI PRASANTA CHATTERJEE (West Bengal): Thank you, Sir. At the very outset, through you, I would like to inform the House that within one year, that is, between August 2005 and August 2006, the weath of the Richest Indians grew by over 32,000 crores, If we compare the list of Indian Billionaires. That is one figure. I would also like to inform the House about the other figure put forth by the UNDP Report that India ranks 126 in the human development ranking of 177 countries. They put forth that the India accounts for 23 per cent of child deaths, 20 per cent of maternal deaths, 68 per cent of the leprosy cases and 30 per cent of

tuberculosis cases. So, reform is there. But, in whose favour we are working? We know about the incident of farmer suicidal deaths. The reforms followed by globalisation have helped which section of the population? That is the point to be considered here. And, we have been called obstructionists. by B.J.P. Yes, we have obstructed the multinationals and the billionaries. We will continue to do that. We will stand in favour of the people of this country. That is the point we like to place here. Yes, we are obstructionists. But, for the national economy, for the cause of the nation's prople. We are against the sale of public property at very serious low rates; we are against the disinvestment, which has become outright loss to the public exchequer, raising serious issues of corruption. These are twin brothers, not this side or that side. Like, it has happened in the case of the Centaur Hotel. We are the students of social science. We know how the capitalism grows. The reform which means 6 crore tonnes of foodgrains rotted in godowns while people starved, yes, we are against these types of reforms. We are against Kandom privatisation, not in favour of multinationals, the billionaries and for bringing the FDI in crucial area. Yes, we will oppose and obstruct any measure against the people of this country. Like pension sector or the insurance sector, everybody knows our stand. That is one point which I would like to put at the very initial stage.

Sir, annual growth of employment in the organised sector between 1994 and 2004 declined by minus 0.38 per cent. Simultaneously, the rate of inflation, particularly relating to food items, has also increased sharply, by more than 6 per cent, in recent years. As a consequence, following the policy of globalisation, there has been a slackening in the growth of agriculture, curtailment of the PDS system, weakening of the Essential Commodities Act and entry of large corporate houses into the retail trade for food items with permission for futures trading. All these things are contributing to the existing inflationary situation. This is another point I would like to mention here. Sir, the efforts to mobilise additional resources in successive budgets under the UPA Government have been insignificant. But despite being able to raise the tax GDP ratio, the resource mobilisation effort of the Government has been grossly inadequate as far as meeting the pro-people commitments made in the NCMP are concerned. Apart from the NREGA, which has been partially implemented, several commitments made in the NCMP like spending 6 per cent of the GDP in education, 2-3 per cent of the GDP on health or providing social security to unorganised sector workers have not been fulfilled so far due to the

inadequacy of resources. The tax proposals contained in the Finance Bill 2007 do not signify any departure from this trend.

The only proposal for additional resource mobilisation in the Finance Bill is the increase in the rate of dividend distribution tax for domestic companies from 12.5 per cent to 15 per cent and for money market mutual funds and liquid mutual funds to 25 per cent. The suggestion by the Left Parties to reintroduce the long-term capital gains tax on equities and increase the rate of Securities Transaction Tax, which can contribute significantly to revenue mobilisation besides dampening speculative excesses in the capital markets, has been ignored. Neither has been the proposal to increase the rate as well as the base of wealth tax been considered. Wealth tax collection was a meagre Rs. 265 crore in 2006-07 and is budgeted at only Rs. 315 crore for 2007-08.

The *Statement on Revenue Foregone* tabled along with the Budget Estimates revenue foregone on account of the direct and indirect tax exemptions to be Rs. 2,35,191 crore and Rs. 2,06,700 crore for 2006-2007 and 2005-2006 respectively. A meeting of the Consultative Committee attached to the Ministry of Finance was held last year in order to build political consensus to do away with the myriad tax concessions and reduce tax expenditures. Despite this, no serious attempt has been made in the Finance Bill to rationalise the myriad tax exemptions. The proposals to rationalise tax exemptions made in the Finance Bill are very limited in scope and would not reduce tax expenditures substantially.

The Finance Minister in his Budget speech has noted that the effective rate of corporate tax paid by all companies in 2006-07 was only 19.2 per cent (against a scheduled tax rate of 33 per cent), thanks to the numerous tax concessions and exemptions. However, the Finance Bill provides new tax concessions to corporates including extension of tax concessions to cross country natural gas distribution networks and navigation channels in sea, continuing with concessions to venture capital funds and providing a five-year tax holiday for hotels to be built in the National Capital Territory before the Commonwealth Games.

Tax arrears at the end of 2005-06 stood at Rs. 90,255 crore, out of which Rs. 19,875 crore was not under dispute. However, the target set for collection of arrears, according to the Budget Estimates provided in the Receipts Budget is around Rs. 12,000 crore only, out of which Rs. 9,000

crore is for collection of arrears of direct taxes. This clearly shows that there is much larger scope of collection of tax arrears, especially the amount not under dispute. (*Time-bell*)

Sir, we could not speak on Budget. This aspect will have to be considered.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): You speak. I am only warning you. Please listen to me. Whether you spoke on Budget or not, is not the question. You take your time. But try to quickly finish this.

SHRI PRASANTA CHATTERJEE: The Budget Estimates for Tax Revenue in 2007-08 show a disturbing trend; while total tax revenues are expected to increase by 17.1 per cent over 2006-07, corporate tax revenue is budgeted to increase by 14.9 per cent only. While revenue from income tax other than corporate tax is expected to grow at 19.7 per cent, this implies that corporates are expected to contribute a lesser share in total taxes while the individual income tax payers are expected to contribute more. This is not in keeping with the equity principle. A larger quantum of taxes should be collected from the corporates by doing away with corporate tax concessions and excise duty exemptions.

Finally, Sir, I suggest the following changes in the tax proposals:

There is a need to provide greater tax relief to personal income tax payers. The basic exemption limit for income tax, as provided in the First Schedule of the Finance Bill, should be raised from Rs. 1,10,000, as proposed in the Finance Bill, to Rs. 1,50,000. For woman residents, the basic exemption limit should be Rs. 1,75,000, and for senior citizens, Rs. 2,00,000.

A provision has been made in clause 10 of the Finance Bill whereby employees—an amendment will be moved and Shri Tapan Kumar will also speak on this issue—availing housing facilities provided by their employers would have to pay higher income tax since the value of their accommodation would be added to their salary while calculating their income. Some changes have been made, but we would like to emphasise on the total roll back of this clause since it would increase the tax burden of the employees.

While reduction in customs duty on specific items can be understood,

provided there is sufficient economic justification, an across the board cut in the peak rate of customs duty on most non-agricultural products from 12.5 per cent to 10 per cent, as has been proposed in the Finance Bill, is deeply problematic. The justification provided for this all-round customs duty cut in items of "one more step towards comparable East Asian rates" is unacceptable. The customs duty rates should be set in accordance with national needs and priorities, especially, keeping in mind the interests of domestic industries. This move, besides leading to significant revenue loss for the Government, would also hurt domestic producers, needs to be reversed through suitable changes in the Second Schedule of the Finance Bill. Sir, we do not find any reason for the proposed cut in customs duty on import of pet foods from 30 per cent to 20 per cent. It is a totally unnecessary move, Sir.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): How much time will you take?

SHRI PRASANTA CHATTERJEE: I will take only five or six minutes more, Sir.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Go ahead.

SHRI PRASANTA CHATTERJEE: There is another point, Sir. The Service Tax exemption provided to clinical trials on humans, as proposed in the Finance Bill, is a retrograde step. Such trials have already become controversial because of the unethical practices adopted by pharmaceutical companies, exploiting poor people with the lure of some cash and subjecting them to unpredictable health hazards. Providing tax concessions in order to make India into a "preferred destination" for such trials would encourage unbridled exploitation of the poor and unsuspecting persons by vested interests. This needs to be rolled back.

SHRIMATI BRINDA KARAT (West Bengal): Sir, we are going to become guinea pigs.

SHRI PRASANTA CHATTERJEE: Clause 22 of the Finance Bill proposes that the ten years' tax holiday available for an SEZ developer can be availed by a sub-contractor who has entered into works contract with the developer. Stunningly, a recent notification from the Ministry of Commerce suggested that the tax-break would be available to sub-contractors as well. I am of the opinion that the notification of the Ministry

of Commerce should be in line with the provisions of clause 22 and accordingly, the SEZ Act should be amended. It is noteworthy to mention here that the provision of Tax Holidays for ten years under section 80-1A is being grossly misused. I propose to amend the Finance Bill suitably to reduce the period of tax holidays for the time being.

The proposal for bringing renting of immovable property for business and commercial purposes into the Service Tax net is welcome. But this will bring disparity amongst small and big IT firms operating from rented premises and IT SEZs respectively. Big players in the IT sector and private developers of IT SEZs will undue benefit at the cost of small players. I, therefore, propose to review the tax concessions provided to IT SEZs to ensure a level-playing field in the IT sector.

Sir, lastly, in the sphere of Centre-State relations, unjust burden of the Central loans on the States, particularly, in relation to small savings loans, etc., has not been solved. Further, it needs to be pointed out that despite transferring education from the State List to the Concurrent List with limited powers, nearly 90 per cent of the expenditure on education is being borne by the States. It is so in the case of West Bengal. In such a situation, it is indeed unfair to increase the burden of the States in respect of implementation of major national programmes such as Sarva Shiksha Abhiyan. With these few words, I place our views on the Finance Bill, 2007. Thank you, Sir.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Dr. K. Malaisamy. You have eleven minutes.

DR. K. MALAISAMY (Tamil Nadu): Thanks a lot, Mr. Vice-Chairman, Sir, for calling me to speak on the subject on behalf of the AIADMK. It is really a privilege to join my colleagues to speak on a most important subject. Primlarily, this session is a Budget session. The Budget has got different processes, preparation of Budget, presentation of Budget, discussion on the Budget, voting on Demands for Grants, consideration of Appropriation Bill, and consideration of Finance Bill. These are the various processes. Unfortunately, during the time when the hon. Finance Minister presented the Budget, it could not be discussed by this august House. So, participation did not occur. Luckily, with the efforts made by the Chair and the Secretary-General and the ccoperation of the hon. Members, now we are in the midst of the discussion.

Sir, before I come to the points, I would just dwell upon what is meant by a Budget. A Budget is a process, and an effective tool or a most important instrument available to the Government for so many purposes such as to avoid inflation, to avoid unemployment, to remove poverty, to remove inequality, etc. What I am trying to divulge here is that, as a well-informed Finance Minister, he should have known the very purpose and objective of the Budget. Now, the Budget has been prepared, it has been presented and the process is being discussed. I would like to know whether the totality of the objective of the Budget has been taken into account before the preparation and presentation of the Budget. Once you set the Budget, you need an instrument, namely, an organisation. The organisation should be provided with necessary manpower and it should be put into operation. So, to achieve the objective,organisation, manpower and operation, all these things are necessary. I would like to ask a basic question: Can the Budget be implemented by all these means? That is my first question. Number two, as a well-informed Finance Minister, who has presented three Budgets earlier-it is his fourth Budget-by virtue of his experience and ability, he should have, along with his team, certainly analysed the various aspects of plus and minus. In other words, the Finance Minister should have gone into the various aspects of strength, weakness, opportunity and threat. In other words, I would like to know whether a SWOT analysis has been done.The plus and minus should be taken into consideration. By virtue of the inherent strength of the country, it has got certain advantages. To illustrate there is an improvement in the economy. To quote the words of the hon. Finance Minister, "the Indian economy is overheated". It is an overheated economy. This is what he said. The capital market is booming. Of the 125 countries in the world, India stands at 43rd in the context of global competitiveness index leaving behind Russia and China. It is said that in 2007 it can move faster than China. These are the information that they are able to give. Besides. Industrial growth, GDP growth, recovery of industrial and export sector is evident. Balance of payment is quite comfortable. Plenty of foreign reserve and food security are there. Finally, there is booming stock market. These are all plus points which give strength to the Indian economy.

Now I come to the grey area about which we are more concerned. India is burdened with very huge population of more than 110 crores. Out

of which, 40 crores are workers and 37 crores are unorganised workers. Nearly, 70 to 75 per cent of the total population belongs to the farming sector. More than 38 per cent of the people are Below Poverty Line. This is what the statistics would say. Grey area which should be taken into greater cognisance. Then inflation is on the increase; unemployment is galloping. It is going up and up; price rise is unprecedented. There are the darker side of the Indian econmy. These grey areas need extra care and caution while preparing the budget. With this background, let me analyse what the budget is going to say; what the tax proposal are going to say and what the Appropriation Bill is going to say. As I said earlier, it is the fourth budget of the Finance Minister. He has to present one more budget. By the time he presents the next budget, the elections will be round the corner. In other words, what I am trying to say is, this fourth budget is a very crucial budget. Hence he wanted to present a very popular budget. He wanted to make tall promises and tall claims. The result is, he wants to give a political solution to the economic problems which will never happen. By reading the budget and the Bill, I can say that it looks so good theoretically, but I find it very difficult to put in practice. The percept is okay, but I would like to know whether it is okay in practice. That is a big question mark. He has given a lot of hopes and aspirations. I would like to know whether these are implementable or not. It looks to be a big noise. He has set a number of goals. Whether he can afford to score on these goals, it is again a big question mark. He has made a lot of promises. In this connection, I am reminded of a journalist's saying that a clever politician is one who is capable of throwing umpteen Numbers of promises left and right. But after seeing that the promises could not be implemented just like what was done in Tamil Nadu about issue of colour T.V. and two acre land for landless,etc. etc. ...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): How much time do you want? (*Interruptions*). How much time do you want?

SHRI P. CHIDAMBARAM: Sir, he has just started his speech.

DR. K. MALAISAMY: Sir, Generally you will considerate to me. I cannot have guts to disagree with you. Sir, I have just started. The reason for claiming more time is, that a number of my colleagues have not chosen to speak at all. You are having very limited number of speakers.

SHRI P. CHIDAMBARAM: Sir, I support him. Let him speak.

DR. K. MALAISAMY: The Minister is very considerate to me Coming again to the point, a clever politician is one who can throw umpteen Number. of promises. If the promises could not be implemented, he must be able to explain why the promises could not be implemented. With his word power and vocabulary, the hon. Minister is highly capable of explaining and making things real, when things are not really true. Now, let me come to the real issues. On a general analysis of the Budget and the Finance Bill,— the Hon'ble Minister said about economic reforms; he has said about reduction of fiscal deficit; He has said about reduction of non-Plan expenditure. But he is only able to say that these are the things which he is conceiving and contemplating to connect then. He has not mentioned the means through which he can achieve all that. This is my basic point. For example, he has said that the Non-Plan Expenditure is likely to increase to 40 per cent. According to me, as a student of management, I have been taught that any one single problem,will have more than one solution. Now the question is whether he is able to throw a solution towards economic reforms or for reducing the non-plan expenditure or for whatever he is aiming for. He has to prove in clear terms that these are the packages that he is giving, and he should assure the people that these kinds of things would be achieved. But we do not see that. Coming to public sector,....

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Now you conclude,.

DR. K. MALAISAMY: I have just started.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Please, you have to co-operative. Mr. Malaisamy, please bear with me for a second. Prasantaji also that he had not completed.

DR. K. MALAISAMY: Sir, it is 3.30 p.m. now. Can you afford to give me fifteen minutes more?

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): The total time allotted to your party is eleven minutes...

DR. K. MALAISAMY: I have a number of good points and even the Minister would appreciate...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): The Minister would appreciate it, but the House will not appreciate it. The problem is, it

is not the Minister's time. If you want to tell him anything personally, you can go to him separately and tell him which, I am sure, he will appreciate.

SHRI P. CHIDAMBARAM: He can lose his Membership if he comes to me.

THE VICE-CHAIRMAN: (SHRI SANTOSH BAGRODIA): Mr. Malaisamy, you had eleven minutes. You have take two minutes more.

DR. K. MALAISAMY: I have five or six points on critical areas, and three or four important suggestions that I wish to make.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Make your suggestions quickly. Everybody wants that it should be finished. We have only four hours for this discussion.

DR. K. MALAISAMY: When I am not allowed to be in form, my points will not be effective. That is the problem.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): No; they will be effective. You just run through the points.

DR. K. MALAISAMY: Regarding the shareholdings of public undertakings, banks etc., you want to go to the extent of 33 per cent. In other words, you want to reduce your shareholdings in public sector undertakings and banks, by way of disinvestments, privatization, etc. This is a Welfare State. In a Welfare State, privatization, disinvestments etc. will work against social orientation. This is against the policy of a Welfare State. Will this move not run counter to that? That is what I want to say.

Secondly, you have given the effects of liberalisation privatisation and globalisation. I need not go into the details because the Chairman is quite anxious about the time factor. With the entry of multinationals from abroad and private big companies from within the country in retail trade what is going to be effect of retail sales? A number of programmes are not faring well. For instance. the Bharat Nirman for Rural Infrastructure Development did not take up till September. Even the Ports stayed out of action due to the deadlock between the Planning Commission and the Ministry. Thirdly, the agricultural growth last year was only 2.7 per cent, whereas you have aimed very high. Then, talking about Sarva Shiksha Abhiyan, your target

was to contact 5 lakh schools. but the achievement was only 2 lakhs. Also, as against the target to reach 1.5 crore teachers, you were able to do only the extent of 28 lakhs. What I am trying to say is that what all you have targeted is not being achieved and that will never be achieved.

Sir, out of 100 minutes of speech on the Budget, the Finance Minister had set apart 20 minutes for the farming sector. Of course, it is a right thing to do. But, unfortunately, whatever he has promised for the farming sector will never happen at all because it is a State subject. There are certain inherent problems, namely, fragmentation of holidays and rural distress. All are rain-fed areas; but the sub-soil water is very low. I can start talking about the injustice being done to us in the case of Cauvery Palar, etc. But I am not going into it.

Sir, You see, how disciplined I am....*(Interruptions)*... Sir, coming to the power sector, the shortage is eight per cent during the normal time, whereas during the peak hours, it is 13 per cent. This sector has been neglected in the Budget.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): No, no; this has nothing to do with the Budget. ...*(Interruptions)*... Malaisamyji, you are a very senior Member. Please stick to the Budget.

DR. K. MALAISAMY: Coming to the taxation side, I think, this is the relevant side.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): So, this is your last relevant point. As you said, you have made some irrelevant points. You are saying this, I am not saying this. As far as I am concerned, they were all relevant points.

DR. K. MALAISAMY: Sir, on the taxation side, whatever was done last year has been reversed, I mean, whatever concessions are now being given, like giving five-year holiday to star hotels and things for preparation of beauty items, etc., are not used by poor people. Many items which are used by the poor people are not given concessions. In short, priority given is not correct, allocation is not adequate, measures taken are not effective and there is a gap in between. Sir, lastly, I have to make some suggestions.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): It is the real last.

DR. K. MALAISAMY: Definitely, Sir. I request the hon. Minister to think of more and more of our domestic resources, instead of thinking outside and tall making claims. In that case, he has rightly started to unearth the black money. But, abruptly, it has been stopped. It should continue. A lot of black money is there. It should be unearthed and brought as a resource. Sir, the PDS should be given top priority and protected. Instead of disinvesting and privatising the public sector undertakings, it should be brought back to life with efficient management. Sir, then the in-built mechanism itself is defective. I mean, the delegation of powers decentralization of powers simplification of rules and procedures, etc., should be thought of. A sound tax system, with a broad-based approach coupled with collect strategy can work well. He has made an attempt. But the attempt is not adequate; it is not exhaustive. In case they go deeper, they can do better.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Your last point had six small points on that. Now, Dr. Bimal Jalan. Dr. Jalan, you have seven, minutes.

DR. BIMAL JALAN (Nominated): Sir, thank you very much. I know the time is very short. So, I shall be relatively brief. The first point I want to make is, I welcome this debate, irrespective of the fact that there is not much interest in it just now because the Lok Sabha has already approved the Bill. But, the fact is, Sir, and it is a very sad commentary on the working of our House, that in the last four years three Budgets have not been fully discussed. In one year, we discussed only the Finance Bill; in another year, we discussed only the General Budget and last year we did not discuss anything, but passed everything with a voice vote. So, the first point I want to make it, I welcome this discussion, and I hope in future, at least, there would be taxation with representation and there will be no taxation without representation. So, I welcome this discussion today.

Sir, I want to make two or three general points first, and then perhaps, come to what I particularly like about the Budget and what I don't like about the Budget. Sir, the first point is that this is the sixtieth year of our Independence. The sixtieth Budget that we are, probably, presenting, apart from the Interim Budgets, and so on. It does appear to me that we have to change the whole format of the Budget. I am saying this in front of the very distinguished Finance Minister because there is a lot of hype around the

annual Budget; there is a lot of expectation from the annual Budget. Some Budgets are supposed to be dream Budgets, not dream Budgets, semi-dream Budgets. Now, what I want to put to this Finance Minister is, — he is a very distinguished person, a very famous person, he does not need all the hype, — can we change the entire approach to the Budget-making? Let us concentrate on what the annual Budget of the Finance Ministry is supposed to do, which is to tell us about expenditure, about revenue, about fiscal deficit, about the state of the economy and that is all. Why do we need a Budget which changes so many rates every year, up, down, sideways? I cannot think of any other dream country like ours, any other country on the rise, except, perhaps, some of the developing countries where we change rates by some points or the other, every year. It would be nice if the Budget was a discussion on the financial situation of the country, the financial situation of the Government, rather than a substitute for the annual plan. If I see the Finance Bill, it is so thick; many of them are just technical changes. I know, up and down, sideways and so on. In the past, I have been responsible for producing similar things, but that is not the question. Now we are in the 60th year of independence perhaps, the whole approach to Budget-making should change. Budget should not be a substitute for an annual plan, which you discuss any way - social sector, farming, industrial sector. It is not a substitute; we do not have to make changes because the country is expecting that; if we had a non-event kind of a Budget, I think, we would have much more purposeful discussion. This is my first point.

The second point I want to make is about minor tax system. This is not specific to this Budget but on what direction our Budgets are progressing. The revenue buoyancy is, I think, one of the greatest achievements of this Budget of the Finance Ministry, of the way it has been done, the tax information network, etc., which has been set, the movement towards electronic filing, I think, these are all to the good. Do not minimize the importance of revenue buoyancy plus our sticking to the fiscal targets which the Finance Minister has laid down. These are extremely positive steps.

The third very major announcement, which we do not pay attention to —because we are generally discussing other things, tax rates going up, tax rates going down—is the road map he has laid down for the reform of the indirect taxes, the VAT, GST, and customs tariffs. It is much better to

do it that way, to move in a direction of uniform rates and one set of taxes rather than keep on changing them year to year with Finance Bill spreading over 126 pages, 200 pages of details. So, I welcome these three particular changes; the road map to indirect taxes, the revenue buoyancy and the fiscal deficit target. He had a road map last year, this year he has achieved it. It is extremely good. It increases the credibility of the Government in achieving what it says it will do.

Now, Sir, the other aspect which I want to deal with is that the direct taxes require equally radical approach to simplification and reform here I find that we have moved contrary to the announced intention of reform to non-reform. This may be that we have to wait for the new direct tax code. I do not think that the most complicated direct tax system in the world is reported to be in this country. I say this with apology to the great Finance Minister.

SHRI P. CHIDAMBARAM: The U.S. tax code is ten times more complex.

DR. BIMAL JALAN: No, Sir, I know the U.S. tax code but they do not have the number of taxes you have. This is what I am saying. Here, you have taxes which are dividend distribution, service tax, personal tax, corporation tax, MAT, cash withdrawal, FBT, capital gains, expenses, education cess, surcharge, etc. The other thing is, somebody pays and somebody does not pay. Your tax rate depends on where you come from, age, gender, source of income. If you have an income from dividends you do not pay tax, you can earn Rs. 400 crores; but if I have an income from interest, I pay tax even if it is Rs. 1,55,000. So, it varies from sector to sector. *(interruption)* I am making a longer term point about reform in direct tax system.

This is not specific to this Ministry. Many of us have been a part of it. What I am saying is over a period of time, in terms of numbers, in terms of different types of taxes, we have to minimize. In terms of what the incidence of each tax is on different classes of people, both horizontally as well as vertically, we have too many categories.

The other thing is, some are exempt and some are not exempt. You have a whole tax code, as you said the U.S. has a very complicated tax code, but in terms of the intensity of the complication by any technical

standard, India has the most complex variety of tax system in direct tax. In indirect taxes we have made progress. The Finance Minister has rightly announced that India is going to have a direct tax code soon. The reason why I am mentioning is only this: that if he could introduce a movement towards reform of tax system it would be all for the best. So, this is the point I want to raise with him and it is a general point. This is specific to this. Can we reduce the complexity? Suppose corporate tax effectively is giving you 19 per cent, charge 25 per cent by all means, but have one uniform code of tax. Then, we have procedural complexity . We have tax deducted at source, then you have advance tax, then you have final tax and so on and so forth. I won't go into it. Now, Sir, let me go into ... *(time-bell)*. I will not take much time.

SHRI P. CHIDAMBARAM: Let him speak.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Sir, if you let everybody speak I have no problem. I have to go by time. If you want me to run the House and go up to 8O'clock, I have no problem. You will also have to sit up to 8O' clock. I have no problem.

SHRI P. CHIDAMBARAM: Sir, I withdraw my suggestion.

DR. BIMAL JALAN: Sir, I will just take two to three minutes. What I want to suggest to him is, in the next round of discussions that he is going to have on simplifying the tax code, on direct taxes it is desirable to have equal taxes for equal income, reduce different kinds of taxes and—sometimes same tax you pay three times—you have to reduce all the complexity of the tax system, make it easier to pay. If 19 per cent is the average effective rate of corporate tax, charge 25 per cent by all means, but charge it straight and equal, depending on not from where it comes from, where it does not come from. I do not have the time to go into details. But this is where I will leave the tax part. Three other points I want to make very briefly. One is on the SEZ. This has been discussed very extensively. Everybody is right that our country needs an SEZ, it is also true that land acquisition is important on fair less re-settlement is important. All those I am leaving beside because there is complete agreement on those old issues. The most important point is not the number of jobs that you create in SEZ. You can create 65 lakh or 70 lakh jobs because you have given tax concessions to SEZs. But if those goods are allowed to be sold in the domestic market, then what happens to the other jobs? So, you must not

take gross employment but you must take net employment generated in our country. If tax concessions can generate net employment, not gross, then why not give tax relief to the whole country? Not only to the 2 per cent of the country which can generate 65 lakhs of SEZs. So, you must take net and not gross and if you want to sell goods at home there must be a level playing field, you must put a capital charge on what is sold at home rather than only neutralising the indirect tax. Instead of saying 25 lakh or 30 lakh jobs have been created is not good enough. Secondly, Sir, I come to financial imbalances. The whole advantage of this Budget is — I do not have the time to go into it— it corrects partially the financial imbalances. We had sea capital flight from banking sector with high credit deposit ratio to the stock market and mutual funds. That has been corrected partially but, I think, we have to move more in that direction for conditioned financial imbalances. The third point and the final point is, about the trade off between inflation and growth. It is virtually an elementary point that if you have a rate of growth of 8 per cent or 8.5 per cent over a period of three years from a trend rate of growth of 6 per cent previously, then your capacity utilisation will increase by 40 per cent. If capacity utilisation will increase by 40 per cent, investment cannot increase within the same period of 3 years because the existing capacity is giving you 40 per cent more out put. So you would have a certain amount of strain and which would lead to price increases on manufactured products. You have to correct that. I am glad that he is taking steps to correct that also. This is only a cyclical phenomenon. It is not a secular phenomenon. Then, a point about agricultural commodities....

SHRI P. CHIDAMBARAM: I hope your friends sitting around you agree.

DR. BIMAL JALAN: You have persuaded them, not I. I do not have a political clout. Two points are correct. One is technical; the other may be is long term.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA) : Mr. Finance Minister, just a point on SEZ. It has come to my notice that some Export Promotion Zone has been converted into SEZ and they are taking all benefits. There is no new employment, no new industry but only the same units, same industries. Only the area has been converted; I am just bringing it to your notice. If that is the intention, then it is a different situation. The intention probably was that new units should come; new areas should come. I will let you know separately on this.

SHRI P. CHIDAMBARAM: I have noted it.

SHRI RAVULA CHANDRA SEKAR REDDY (Andhra Pradesh): Sir, I know the scope of the Finance Bill. But, please bear with me and since we were not allowed to speak on the Budget, I may be given more time. At that time, only one hon. Member from the Opposition spoke.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): One minute. Even Prasanta said that they were not allowed to speak on the Budget. It was not allowed because all of us did not want to speak. Or, this was your and my problem. Time allotted for Budget discussion was 12 hours. Now, for Finance Bill, the time allotted is 4 hours. I cannot extend it to 12 hours. That is my difficulty. Still, you will get extra time. You go ahead.

SHRI RAVULA CHANDRA SEKAR REDDY: Why I am mentioning it is only to request the hon. Finance Minister to pay some attention on the points raised by me through the Finance Bill. Often, I may be going off the track since I know the scope of the Finance Bill.

While thanking you for giving me an opportunity to speak on the Finance Bill. I would like to request the hon. Finance Minister to look at the on-going Central Projects. In reply to a question, it has been mentioned that about 160 Central Government Projects are badly delayed costing Rs. 100 crores or more if that is the case, there will be cost escalation and the tax-payer is again burdened. So, there should be a monitoring mechanism which should oversee the completion of projects on time. Otherwise, as per figures, earlier, 315 projects were pending. But, now, as of 1st July, 2006, 159 projects are delayed, each costing Rs. 100 crores or more.

The money collected through taxes and spent for the welfare of the people through various projects and programmes of the Central Government like DPEP, SSA, the Government of India does not have any mechanism to monitor as to how the money is being spent in the States. I will give you a classic example of my own State of Andhra Pradesh, where there is an incident and a case is registered. Sir, more than Rs. 6 crores were diverted. A person working in the Chief Minister's Office in the capacity of Additional Secretary to Chief Minister is directly involved in this.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): This is not right. You are a senior Member. We cannot mention these things.

SHRI P. CHIDAMBARAM: Don't make allegations.

SHRI RAVULA CHANDRA SEKAR REDDY: This is not an allegation. A case is registered. I am not alleging.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): He cannot reply to you.

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, if something is un-parliamentary, I will withdraw.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): We will check it. If it is un-parliamentary, it will not go on record.

SHRI RAVULA CHANDRA SEKAR REDDY: I am only placing the facts before you. I am not making any allegations. But, at the same time, money released by the Government of India is not spent properly and the people at the lower level are diverting and using it for their personal purposes.

SHRI P. CHIDAMBARAM: Then, you say that in your State one officer did it.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): But, you cannot specify it.

SHRI P. CHIDAMBARAM: How can I reply to that?

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, at least, he has to take note of it and direct his officers to see and verify that. It is a fact that a case is registered and investigation is taking place and the Government of India is not stepping into it. The Government of India is not sending any person to examine the reality. If something goes wrong at the State level, next year, you are going to deduct that money and reduce the allocation. Then we are the sufferers. In such a situation, is it not my responsibility to bring it to the notice of the Government? Likewise, there are instance of diversion of funds which are meant for SCs/STs. I request the hon. Minister to place some mechanism to oversee the implementation part. Otherwise, money sent to States is diverted for other purposes and the money meant for persons will not reach them. That is my grievance. There is social unrest and the money allocated to the backward areas development is very meagre. Sir, only Rs. 500 crores was allocated. I request the

hon. Minister to see that the allocation is increased under Backward Areas Development Programme.

SHRI P. CHIDAMBARAM: Backward Regions Grant Fund is Rs. 5,000 crores, not Rs. 500 crores.

SHRI RAVULA CHANDRA SEKAR REDDY: The previous speaker was mentioning about the SEZs, I call them as 'special exploitation zones'. Due to paucity of time, I am directly coming to the point. The Government of India has announced a FAB policy. Under this policy, the Government of Andhra Pradesh has allocated 100 acres to an individual at a cost of one rupee, that is, one paisa per acre. This happened last week on 28th April, 2007. Hundred acres of land was allocated for one rupee! When there is such a hue and cry in the country about the SEZs the Governments are tempted to allocate so much of lands for the semi-India projects. And, this is out of the FAB policy of the Government of India. If such is the policy of the Government of India where hundreds of acres are allocated to individuals, what will happen to agriculture? You have exported 55 lakh metric tonnes of wheat. And, I read in newspapers that you have decided to import 15 lakh metric tonnes of pulses. On the other hand, you are converting the agricultural land into industrial and residential zones. This is a classical example, G.O. No. 94 of the Government of Andhra Pradesh. As many Members have spoken on national issues, I would be touching on Andhra Pradesh issues only.

Another programme of the Government of India is to help the industries and corporate sectors in establishing their units. What are they in turn giving to the society? They are sponsoring cricket games, fashion shows. I have no objection. But let there be a condition on them to adopt some village, at least, to improve the infrastructure, health, and education. The Bill Gates came to India all the way and gave money for AIDS Control Programme. But our corporate sector is not coming forward. And, you are going on giving incentives to them. I have no objections give incentives to them. But let there be a condition on them that they, at least, adopt a rural area or a backward area and provide drinking water, construct roads, improve health facilities, education, etc. Why can't that be done? When you can impose Education Cess on Individuals, why can't you ask corporate sector to do this.

Sir, the health sector is most neglected. They may say that 'health' is a State Subject. But the Government of India is providing money to the

National Rural Health Mission. The situation of Government hospital is such that people are afraid that if they go to Government hospital they may not come back alive. Such is the situation in the rural areas.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): You are right.

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, I give you an example I have a photograph here, in which pigs entered a 1350-beded hospital in the Karnool district of Andhra Pradesh and carried away a newly born child. The child was eaten away by the pigs in the hospital itself. This is a 1350-beded hospital.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Now, you have to finish.

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, this is the state of Government hospital! ..*(Interruprions)*..

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Reddy, how much more time will you take?

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, the National Rural Health Mission is a national programme. The polio re-surfaced in many parts of the country. What has happened to the National Rural Health Mission? There are problems like Chikungunya, Dengue, etc.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): You have already taken nine minutes. You have just one more minute.

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, I am concluding. Sir, my next point is with regard to the problems of the *bidi* workers. The Government of India has imposed a condition on the *bidi* manufacturers to print skull and bones on the *bidi* packings. They have also raised the tax from Rs. 7 to Rs. 11... ...*(Interruprions)*...

SHRI P. CHIDAMBARAM: We have reduced it, yesterday.

SHRI RAVULA CHANDRA SEKAR REDDY: I did not read about that.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Okay, that point is over. You come to the next point.

4.00 P.M.

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, if it is reduced, it is fine. But please try to withdraw the notification so that we can save the industry and the poor people who are working there.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Do you know that you are thinking of some hundred or thousand workers: you are not thinking of crores of people whose health is becoming bad? I will not go into that argument. You finish your speech.....*(Interruprtions)*...

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, I am interested in labour.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Labour does not mean that you spoil the health of the whole country. But, still you continue.

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, you are thoroughly mistaken....*(Interruptions)*...

SHRI K.KESHAVA RAO (Andhra Pradesh): There are 47 lakh workers. ...*(interruptions)*..

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Rao, there are a hundred crore people in the country. The world has established that smoking is not good for health. So, *beedi* is smoking... *(Interruptions)*. All right, that is your opinion. ..*(Interruptions)*... This is my opinion. ...*(Interruptions)*.. Please go ahead. You finish your speech. ...*(Interruptions)*.. You want to smoke; you smoke and spoil your health. I do not care. ...*(Interruptions)*..

SHRI RAVULA CHANDRA SEKAR REDDY: I am worried about alternative employment. If the factory is closed down, what will happen to the workers? ..*(Interruptions)*..

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): That is what is right. You plead for alternate employment. ...*(Interruptions)*... That is what you should plead. ..*(Interruptions)*..

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, I made a Special Mention requesting the Government of India to provide alternative employment and till then, the factory should be allowed to continue. That

was my Special Mention. For this I got a reply from the Minister that it is injurious to health. I am conscious of it. At the same time, how can you force the people to go for unemployment and beg in the streets? On the other hand, you have launched a programme called the National Rural Employment Guarantee Programme. Sir, you are not allowing me to narrate the plight and problems of the people who are covered under this programme.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): It is not that I am not allowing you. Instead of four minutes, you have taken 11 minutes. Still you are not satisfied, what can I do?

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, I am aware of the time constraint. There is the problem of farmers' suicides.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Is this your last point?

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, I will take 2-3 minutes and I will finish.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Please finish your speech quickly.

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, suicide by farmers is a big problem. The National Agricultural Insurance Scheme needs a fresh look. It should be simplified and the Government of India or the concerned State Governments should bear the premium cost of small and marginal farmers; in fact, of all the farmers. Irrespective of whether they have availed loan facility or not, all the farmers should be covered under that programme. Otherwise, it will remain only on paper. It is a loan insurance programme. That will be called as the loan insurance programme.

Sir, finally, while complimenting the Minister for his gesture of reducing the taxation on the working class, I would like to...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Minister, you are not listening when he is complimenting you. ..*(Interruptions)*... He is complimenting you now.

SHRI RAVULA CHANDRA SEKAR REDDY: Finally, Sir, the Government of India cannot be a mute spectator to the problems of the States. My State is facing a problem with Maharashtra, Karnataka and

Orissa. Since my State is a lower riparian State all the neighbouring States are constructing irrigation projects by infringing upon our rights and by not following Tribunal awards. So, the Government of India should intervene ..*(Interruptions)*... There cannot be a shirking of responsibility. It is the responsibility of the Government of India to solve this problem.

Lastly, Sir, there is the problem of fake passports. It is shocking for the nation. Members of Parliament and Members of Legislative Assembly are involved in this scam. The Government of India should come out with a statement as to what exactly is happening. And, why so much of ..*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): It has nothing to do with Budget. ..*(Interruptions)*... He does not provide for passports. ..*(Interruptions)*...

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, it is about the policies of the Government. ....*(Interrutptions)*....

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRAODIA): He does not provide for passports. ....*(Interruptions)*.... All right, you finish. ....*(Interruptions)*....

SHRI RAVULA CHANDRA SEKAR REDDY: Sir, if possible, you punish the people. You tax and punish them.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): He has no right to punish them ..*(Interruptions)*... All right, go ahead. Please finish your speech ...*(Interruptions)*... Mr. Reddy, have you made your last point? ..*(Interruptions)*...

SHRI RAVULA CHANDRA SEKAR REDDY: If you so say, Sir, I will finish ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Instead of four minutes, you have taken 14 minutes, are you still not satisfied? Do you want more time? ..*(Interruptions)*...

SHRI RAVULA CHANDRA SEKAR REDDY: No, Sir. I thank you, Sir.

SHRI ROBERT KHARSHIING (Meghalaya): Respected Vice-Chairman, Sir, I rise today to participate in this debate on the Finance Bill, 2007, with both, joy and sorrow, in my heart; joy that India, the country that we all

love and cherish has been growing at about nine per cent consistently; joy that the Sensex is booming at over 13,000 points, within 23 stock exchanges and over 9,000 listed companies; joy that the Bombay Stock Exchange is the second largest after the New York Stock Exchange; joy that our foreign exchange reserves are almost US $ 200 billion, and that our economy has crossed US $ 1 trillion. But there is a deep sadness in my heart too, Sir. I am sad that the poor are becoming poorer; in my constituency, Meghalaya, tribal villages in remote border areas have been compelled to eating food and vegetables which for centuries we have reserved for cattle, sheep and pigs; I am sad that farmers in India are still committing suicide; sad that India's share in the global trade is just about one per cent; I am sad that the gap between the rich and the poor is growing; I am sad that tribal and the poor youth have to be become Maoists and take to violence because we, the Government, have failed them.

What are the solutions? Sir, as a Member of the Parliamentary Committee on the Welfare of the SC/STs, and also as a Member of the Parliamentary Standing Committee on Commerce, I have been thinking and I am sure all of us have been thinking about what we can do for the poorest of all castes and communities across the country. Here are just three suggestions which I hope that the hon. Prime Minister, the hon. Finance Minister and this august House will consider.

We need to radically reform the delivery systems in this country. Only such schemes for the poor should be considered which directly reach the poor without having any middlemen involved. I will give one example which the Parliamentary Committee on SC/STs has time and again suggested. Let the poorest get one per cent discount for loans from Banks, and one per cent more for any saving deposits in Banks. Here, there is no middleman involved, so he or she would directly benefit from this. I am sorry to say that most of the current schemes are not working because of the middlemen and the misappropriation which is involved.

[MR. DEPUTY CHAIRMAN in the Chair]

Sir, my second suggestion is that this Government should tackle corruption on priority basis. We should set up immediately a Transparency Commission. It is shameful that Bangladesh has a Corruption Commission and we do not have one. The Transparency Commission should consist of men and women of unimpeachable integrity like Shri E. Sreedharan, the

CMD of Delhi Metro, Shri J.M. Lyngdoh, the former CEC, Shri Arvind Kejriwal, the RTI proponent and the Magsaysay Award winner, etc. These are only humble suggestions. The Government can consider other names in consultation with the Opposition. This Transparency Commission, without pointing fingers at anyone, should indicate the loopholes and make binding recommendations within a fixed time-frame.

My third and final suggestion, Sir, is, free the rupee to free the poorest. On July 16, 2006, President Putin made the Russian rouble fully convertible, totally free. It immediately went up 15 per cent against the dollar. This year, the Central Bank Governor of China, Zhou Ziaochuan, pledged that 2007 would be another year of extensive financial reforms, that China would pursue reforms in areas including exchange rate regime. The Yuan has gained 4.7 per cent against the dollar since it was revalued by 2.1 per cent in July 2005. Why should the poorest tribal farmers have to slog and work 82 times more than the British farmers just to equal one pound? Why should the poor Indian farmers have to sweat it out 42 times more than the US farmers just to equal the US dollar? Why are we not freeing the rupee? There are three freedoms which are of paramount importance for any nation. The political freedom we got in 1947; the economic freedom, for big business, we got in 1991, but there is no currency freedom. We are still slaves to the dollar, the pound and the euro where the currency is concerned. All corrupt nations control their currencies. All free, transparent and powerful nations have a fully convertible currency. Sir, in 1947, one dollar was Re 1.13 *paise*, now it is about Rs. 41. If we want to bring down corruption, free the Rupee. Inflation will come down. The huge oil bills will dramatically come down as the Rupee goes up. The rich and the exporters have had 16 years of a controlled rupee. The Sensex has grown from 2000 points to over 13000 points over the last 16 years. Is it not time to unleash the power of the common man, Sir, by freeing the Rupee? The rich have shares. They have mobiles, cars, fridges, foreign bank accounts. But the poor has no share in his pocket. He or she has only the rupee, the humble rupee, in his pocket. If we have freed the economy for the rich in 1991, it is time that we free the rupee for the poorest man. Have we asked ourselves, Sir, why there are no Indian beggars in the UK or the US? Why are Indians beggars in their own country? Because, however much the beggar works hard, the Rupee is not allowed to go up. It is okay for the Sensex to go up, but not okay for the Rupee to go up. I am sure if Mahatma Gandhi were

alive, he would have protested like he did against the Salt Law. Sir, all modern economies like Japan, Britain, Germany, Russia, Singapore, the US, Canada, New Zealand, the EU, etc., have a free currency. Why are we ashamed about the Rupee? Why are we proud to count only in dollars? Are we a dollar economy? Where is our *izzat,* our pride in our Rupee? When we go abroad, Sir, it is so shameful that most powerful economies have hard currencies for their citizens, but we have a weak, soft currency. I, therefore, call on the Prime Minister, the Finance Minister and the RBI to honour and listen to their own high-powered Expert Committee appointed by the Finance Ministry itself, headed by Mr. Mistry, which wanted to turn Mumbai and India into an International financial Hub like Singapore or London. They have recommended freeing the rupee and making it fully convertible by December, 2008. Just as the Sensex has grown, Sir, from 2000 points to over 13000 points, my dream is for the rupee to equal one pound. Then everyone gains, not just the rich. From being a one trillion dollar economy, we would become an 82 trillion dollar economy. Sir, *Hindustan Times* on 23rd April, 2007 and the *Time of India* a few days later said that 98 per cent of the total enterprises in the country are in the unorganised sector, which means only just two per cent is CII, FICCI, and ASSOCHAM. Ninety two per cent of our total workforce of 457 million in India works in the unorganised sector, but just 1.4 per cent is the outstanding bank credit given to the unorganised sector as on 1999-2000. When are we going to be inclusive and think of this sector, the *rickshawpuller,* the roadside *dhabas,* the vendors, the poorest? They would love the rupee to go up ....(*Time-bell*)... Sir, I am just finishing. Why should a sweeper at Heathrow Airport come to India and live like a king just because his 1000 pounds, which should be just Rs. 1000, become Rs. 82000 when converted currently. Sir, in 1986, one pound was just a mere Rs. 16. Today, it is about Rs. 82. When will we have a free currency and not a slave currency? Sir, I lived for six years in the UK and saw first hand how rural Wales, rural Scotland and rural England have the same infrastructure and facilities as London because the pound is free, so the gap between the rich and the poor is not so big. I wish that the same infrastructure and facilities be available for our rural and tribal poor. I call for growth to be inclusive. If the Sensex for companies is free, then after 16 years of good times, it is now time for the rupee to be unleashed, to be free, so that all benefit from the progress. Thank you, Sir.

SHRI RAHUL BAJAJ (Maharashtra): Thank you, Mr. Deputy Chairman.

Great deal has been said about the Budget and the Finance Bill. I would only point out that apart from being a political statement of the Government, it also send a signal to consumers, to individuals and to corporates as to how to determine their savings behaviour, expenditure behaviour and investment behaviour. I believe, Sir, and I speak on behalf of the Indian Industry, that our economy has developed a strong momentum because of — and I would agree with Mr. Jaitely there—our entrepreneurial talent, whether in the agricultural area or services area or in industry. Essentially, we have grown during the last three years. During the last five years, we have grown at a compound rate of 8 per cent per annum, and in the last three years, at over 9 per cent per annum, more due to the entrepreneurship of the Indian people rather than just the Government; I wouldn't say, in spite of the Government, but less due to the Government than to the entrepreneurship of our people.

Sir, it is important to note the share of the corporate tax, which used to be very low earlier. Even six years ago, in 2000-01, it was only 19 per cent. Last year, in 2006-07, it was 31 per cent. Naturally, indirect tax which is paid primarily by the middle class and the poor, went down from 70 per cent in the 80s to 51 per cent last year.

Sir, mention was made by my friend, Robert Kharshiing, that a lot of money has been put in the Budget to spend, rightly, on housing, agriculture, irrigation, education and health. The point is that we have a leaking pipe, which is due to inefficiency and corruption. Even Rajiv Gandhi had mentioned many years ago that perhaps only 16 paise out of a rupee reach the intended beneficiary. There are no easy answers, Sir. You cannot remove inefficiency overnight. All kinds of ministries spend money, not just the Finance Ministry, and we cannot get rid of corruption overnight. But, Sir — may be my friends in the Left may not like it — one answer is, public-private partnership, not only in normal infrastructure, to which the Finance Minister made a reference in his speech, but also in social infrastructure, that is, in education, health and even by providing drinking water in the villages.

Sir, we must support the weak, but let us not weaken and discourage the strong because they are propelling the economy forward. The Budget, I believe, had the fiscal flexibility to rationalise our direct taxes because of

the buoyancy. It is only this morning that I read that last year's target and budgets were exceeded by direct taxes. But I believe, and I am sorry to say, that that opportunity was lost. In spite of the will of the Government, in spite of the will of the Finance Minister - though I can't put words in his mouth - because of the compulsions of the political situation, perhaps he could not do many things which he wanted to.

Sir, FBT should have been removed. All exemptions to the corporate sector except R&D should have been removed and the direct tax rate on corporate tax should have been brought 25 per cent. The Finance Ministry has said that the average rate of tax paid by the corporate sector is 19 per cent. It has been said repeatedly that if you remove all exemptions and charge 25 per cent except R&D, you will get 25 per cent. Sir, my company, Bajaj Auto, paid 32 per cent tax last year. The average may be 19 per cent. The IT companies don't pay tax; 90 per cent of their business is through exports, they don't pay tax at all. So, I pay 32 per cent and then I hear people have paid only 19 per cent! This is not fair, Sir.

Sir, coming to backward area benefits, I had mentioned this earlier to the Finance Minister. He mentioned to me the names of two States, Himachal Pradesh and Uttarakhand. The North-East and J&K have no problems; apart from lack of development, there is militancy there. But, why don't we give benefits to backward districts, to talukas? There are many backward districts in many States. The whole of Himachal and the whole of Uttarakhand too get that benefit, which was driven by the previous Government, on this side, but this Government extended it from 2007 to 2010.

SHRI P. CHIDAMBARAM: But that is not quite accurate. They made it open-ended; we restricted it to 2007. But there was all-round request from the two States and we have extended it to 2010. But then, the point is, there is still a sunset clause imposed by the Government.

SHRI RAHUL BAJAJ: Sir, the basic point remains that Gadchiroli from Maharashtra and many other backward districts from all States including Tamil Nadu; I am sure, deserve as much support. My company, Sir, has gone to Pant Nagar in Uttarakhand. There was no logic; no real economic reasons. It is a distorted decision only because the excise benefit and in corporate tax benefit given by the Central Government. Mr. Tiwari, the then Chief Minister of Uttarakhand, didn't give me a penny.

In fact, for land he charged from me more than what Maharashtra Government charged me. No benefit from the State Government except cooperation. But, yes, the Central Government is giving all these benefits. Sir, I don't find it justified. Sir, another point is on SEZs. I won't talk about land or rehabilitation, farmers, single crop, multiple crop, because all these things have already been said. We have all got land through the Land Acquisition Act. But the time has come when the Land Acquisition Act should be used mainly for public purpose. Government of India, you build infrastructure, you build airports, you build highways, all over the world, you have to acquire land and pay farmers well, but not for private sector any more. Why do you acquire land for private sector? Then, again, where should they come up? Regional balance comes in, as Mr. Jaitley said. I think he said that. They are today coming near the big cities where infrastructure exists but it is disintegrating due to influx of people where Municipal Corporations are not working well and we are bringing SEZs there. I have nothing against any individual. But go to backward areas and then I hope minimum 50 per cent should be used for processing so that we feel there is no land scam. Finally, Sir, what wrong have other people done who for the last forty years produce either on their own in open areas or in EOUs? Now, suddenly, I go to a SEZ or my competitor goes to a SEZ and all his exports are tax free. I am not referring to the developer, but to the entrepreneur, to the unit. I exported Rs. 1600 crores worth last year ending March 2007— 450,000 vehicles. I paid full tax on my profits. What is the viability problem in SEZs? If you make no profit, you pay, no tax. He gets all the benefits of supposedly excellent infrastructure which we did not get. But we pay tax on exports, he does not pay tax. This is not justice, Sir. I don't know why this has been done. Sir, regarding dividend distribution tax, I don't want to say anything else since they are minor points. But I would like to bring to the attention of the Finance Minister an unintended consequence that it reduces the gap between the Indian companies and the foreign companies as the foreign companies do not pay this tax, I think. So, the gap gets reduced by two-and-half per cent. We welcome what you said yesterday about iron ore export and what you said about cement. We welcome the relief you have given. My last point is regarding inflation. We should not sacrifice growth because without growth the poor cannot benefit; nobody can benefit. Growth must be there. We need it — 9 to 10 per cent. With 9 to 10 per cent growth—I am not going into the details — China can have 2 per cent inflation. Yes, why should we

not have 4 1/2 per cent inflation which the RBI wants and, I think, which the Finance Minister wants. By only tightening credit and increasing the interest rate, you could hurt growth without helping inflation much. It is a supply side problem. Increase production. I know that it cannot happen overnight. But increase production and increase competition. So, neither the public sector can be inefficient nor the private sector can exploit the customer. We need more production; we need more competition. This is a better solution to control inflation rather than tightening credit. What the Finance Minister has done by reducing the import duty on goods including cement was good. But monetary policy is being used because inflation hurts today. It hurts elections today. Effect on growth will come over twelve months or so. But, I think we should look even for tomorrow, and not take short-term and politically-expedient decisions though we all like to be elected again. In conclusion, Sir, I would say that we admire the intelligence and energy of the Finance Minister. But the kind of Budget, I believe, the Finance Minister, could have presented, may be his hands were tied, okay, fine, but the result is, the Budget is not as good as I would have liked it to be. Whether for the poor, whether for the middle class, whether for the corporate sector, it is less than optimum, may be due to compulsions beyond the Finance Minister's control.

SHRI EKANATH K. THAKUR (Maharashtra): Thank you, Sir, for this opportunity. Sir, in my every speech, I try to remind the Government of India, the present UPA Government, to realise the extend of poverty that we have. I have spoken on it often. I would like to repeat only one point that if we take poverty at one-dollar-a day, there are 350 million people who are poor in India today. And, if these 350 million people, as a figment of imagination, are seen as a separate nation. I would invite the attention of the hon. Finance Minister, if these 350 million people are seen as a figment of imagination, as a separate nation, after China and the USA, it will be the third largest nation in the world. And, in terms of poverty, everybody being poor in that nation, drawing less than a dollar a day, there are 198 Members of the United Nations today, it will be the poorest nation in the world and it will be ranked, in terms of poverty, 199th. So, we have in India a nation of 35 crore of people which is the third largest nation in terms of population and everybody there being a poor person in that poverty-ridden nation of India, we can call it *Bharat* or *Hindustan,* it will be poorer even than the sub Saharan Africa. Therefore, those of us who sit in this highest House of the nation, if we are to see that our democracy is to

triumph, we have to first see what is happening to our poor people, what the Budget is doing to our poor people. Sir, in this Budget, as I would say, the Finance Minister has shown no heart for the poor. The Finance Minister goes to the seminar at Economic Times and declares there to the whole audience that he does not see any dichotomy between growth and equity. I am learning a few lessons in Economic from the Finance Minister. Here we have a Finance Minister, who says that he does not see any dichotomy between growth and equity when in our nation, for the last 50 years and more, poor are becoming poorer. There is a survey which suggests that there are 7 million people today who have cash of more than 5 million rupees, and their number will go up to 11 million after 2011. So, the rich are becoming richer at a faster rate and the poor are suffering.

Sir, I want to take up one issue of the cooperative sector, and I know when I raise this issue the Finance Minister will leave the House because this is something which I want to point out and this is about the urban cooperative banks and cooperative banking sector, which is not to his liking. In 1966-67, under Section 80 P, an exemption was given to cooperative banks from direct taxation. This exemption was given at that time on account of persuasion of one great son of Tamil Nadu, the late K. Kamraj. And, another great son of Tamil Nadu, our hon. Finance Minister, P. Chidambaram, is taking it away after 40 years. Sir, these urban cooperative banks are a part of the cooperative sector. For the rest of the cooperative sector, there is the Vaidyanathan Committee, and for then there is a package. The urban cooperative banks and other cooperative banks that are now being subjected to direct taxation, are not asking for any package for survival. They are only asking for the retention of existing exemption which was there for the last 40 years. Sir, there are more than 2000 urban cooperative banks and nearly 1200 of them are in various moribund stages; they are on the verge of dying. And in addition to that, the remaining banks will now suffer from heavy taxation. Sir, unlike the sugar cooperative societies or handloom cooperative societies, in the urban cooperative banks, neither the Central Government nor the State Government has invested a single rupee. The Governments have not supported urban cooperative banks with a single rupee. They have grown up on the strength of the savings of middle class, lower middle class, and the poorer classes. And they have built their own capital. Sir, right now, there is 30 per cent taxation on these banks, when the corporate sector on average pays only 19 per cent. This representation was made to the Hon'ble Prime Minister and the Prime Minister

was quite sympathetic. The hon. Prime Minister understands the conditions. But we are told that this exemption will not be restored because many other exemptions are being taken away.

I only want to point out that in 1966, the Banking Regulation Act was amended to include the cooperative banks. Prior to 1966, before including cooperative banks under the Banking Regulation Act, there was a discussion for three years. Sir, at that time, as I mentioned to you, the great son of Tamil Nadu, late K. Kamraj, warned that if we include these banks under the Banking Regulation Act, then their surplus would be seen as profit and it would be taxed. It was he who proactively warned the Government of India. And in 1963, he resigned from the post of the Chief Minister and came here and became an important functionary of the Congress. He warned them that the surplus of the cooperative banks would be seen as profit and one day you would think of taxing that. It was due to him that the Income Tax Act was amened and 80P was introduced. And, Sir, another son of Tamil Nadu Mr. P. Chidambaram is brazenly taking away that benefit thereby administering a lethal injection to the entire cooperative sector. Sir, I want to say this because, the corporate sector, as I mentioned, is giving 19 per cent in income tax. Other public sector banks are giving only 40 per cent of the credit to the priority sector. The urban banks are giving 60 per cent though they are not strong bank. Urban banks are carrying the burden of more loans to priority sector.

There is agrarian unrest; there is agrarian disaster in India. Three farmers are committing suicide on average in my State every day. And these urban banks are supporting smaller people who are coming from rural areas. Therefore, urban banks deserve this concession. But this concession has not been given. Sir, I want to make only one point. The real problem of India is its lagging growth in the agriculture sector. If we have to consistently grow at 9 per cent, then agriculture has to grow at 4 per cent. And that is not growing. One reasons is the public investment in agriculture is very less. There are economists who believe that if the public investment in agriculture is raised to the level of a minimum of 5 per cent, probably the entire agriculture sector may look up. Sir, this has not happened. But, I believe, that further concession in the rate of interest has to be given to our farmers. And I see one area in which this can be

considered. Sir, the banking industry today has deposits of about Rs. 25,00,000 crore, out of which nearly Rs. 4,00,000 crore of deposits have been in the form of CASA deposit, that is current and savings account deposit. On current accounts, Banks pay no interest. On savings, though they declare it four per cent, they pay on an average about 2.9 per cent to 3 per cent, because they calculate with a condition of a ten-day period. If you take current and savings accounts together, on an average Banks pay two-and-a-half per cent. When the banking industry is recovering Rs. 4,00,000 crore at two-and-a-half per cent, why cannot they lend to my farmers at 4 per cent?

Sir, one Deputy Governor of the Reserve Bank of India, who has just retired, went to another organisation of the Reserve Bank of India. Yesterday, in Mumbai, she said that injustice was being done to savings account depositors by banks by giving them less interest. Sir, this is Mrs. Udeshi's statement in the newspaper. Sir,if this four lakh crore is available at less than three per cent, why is it that the farmers should not get it at four per cent? Sir, we talk of farmers, we talk of the *aam admi*, but our heart is not with the *aam admi*. And this is something which has to be ....(*Time Bell*).... I am just concluding, Sir. I would like to say only one thing because I am a Member of the new Standing Committee on Food Processing. In agriculture, in addition to the income from the farming, we have to see that other activities like piggery poultry, dairy, horticulture, fissiculture, sericulture and other forms of income generation and income supplementation and farmers are supported. Sir, the biggest thing that will happen to Indian agriculture is processing. And food processing is very very important, it can generate millions of jobs, Sir. See the amount that our hon. Finance Minister who has presented his Budget for the *aam admi* has spared for this entire sector. In India, where 60 per cent of the people live and survive in the rural sector, he has made a provision of about Rs. 280 crores for the Food Processing Ministry. If you only take into account these three things which I have mentioned, you will come to know that the actions of the UPA which talks of the Minimum Needs Programme are all anti-poor ; their heart is not with the poor. Our Finance Minister's heart is necessarily not with the poor because when he went to the Economic Times, Seminar, he said....

MR. DEPUTY CHAIRMAN: Please conclude.

SHRI EKANATH K. THAKUR: Sir, I repeat that he does not see that there is dichotomy between growth and equity". Sir, all these actions, I think, call for a review of Government policy. Otherwise, to my mind, the UPA Government will be seen as an NPA Government. Thank you, Sir.

STATEMENT BY MINISTER

Status of Implementation of Recommendations contained in the Eleventh and Twentieth Reports of the Department-related Parliamentary Standing Committee on Agriculture And Status of Implementation of Recommendations contained in the Eighteenth Report of the Department-related Parliamentary Standing Committee on Agriculture

THE MINISTER OF AGRICULTURE AND THE MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR): Sir, I would like to lay statements on the:

(v) Status of implementation of recommendations contained in the Eleventh and Twentieth Reports of the Department-related Parliamentary Standing Committee on Agriculture; and

(vi) Status of implementation of recommendations contained in the Eighteenth Reports of the Department-related Parliamentary Standing Committee on Agriculture.

GOVERNMENT BILLS

The Finance Bill, 2007

and

The Appropriation (No. 2) Bill, 2007—*(Contd.)*

SHRI K.P.K. KUMARAN (Tamil Nadu): Mr. Deputy Chairman, Sir, at the very outset, let me congratulate the Finance Minister for presenting a Budget in which the thrust is towards "inclusive growth." My humble wish is that this concept of budgeting should not be forsaken as if it is a one-time affair. This principle should continue on a permanent basis for years to come until all the people of the country move up in the Evolution Ladder.